

HEARING BEFORE THE JUDICIAL PANEL ON MULTIDISTRICT  
LITIGATION

In re: "A MILLION LITTLE PIECES" LITIGATION

Docket No. 1771

Kansas City, Kansas

May 26, 2006

BEFORE THE HONORABLES JUDGE HANSEN, JUDGE MILLER, JUDGE  
JENSEN, JUDGE HODGES, JUDGE KEENAN, JUDGE MOTZ, and JUDGE  
VRATIL, JUDICIAL PANEL.

APPEARANCES:

Mr. Mark B. Blocker, Esq.  
For: Random House, Inc. and  
Doubleday, Inc.  
Sidley Austin LLP  
Chicago, IL

Mr. Evan Smith, Esq.  
For: Michele Snow  
Brodsky & Smith, LLC  
Bala Cynwyd, PA

Mr. John H. Alexander, Esq.  
For: Marcia Vedral  
John H. Alexander & Associates  
Chicago, IL

Court Reporter: Theresa E. Hallberg, RMR, CRR  
511 US Courthouse  
500 State Avenue  
Kansas City, Kansas 66101  
913-551-5647

OFFICIAL COURT REPORTER

1 JUDGE HODGES: Next case is MDL 1771

2 designated as the Million Little Pieces litigation.  
3 Here we have ten cases pending and at least five  
4 different districts. And the defendant has moved  
5 for centralization. And first to be heard in  
6 support of the motion, I believe, Mr. Blocker.

7 MR. BLOCKER: Good morning, Your Honors.

8 I'm Mark Blocker and I represent defendants Random  
9 House and Doubleday who are the publishers and  
10 marketers of a book that's at issue. The author's  
11 lawyer, Rick Myers, is also in court today. I'm  
12 going to be speaking on his behalf as well.

13 There is a surprising degree of consent  
14 among the parties about what needs to be done with  
15 these cases. The parties agree these cases should  
16 be centralized in a single location and they agree  
17 they should be sent to one of two locations, either  
18 to Judge Keenan's home district of the Southern  
19 District of New York or to the Northern District of  
20 Illinois in Chicago.

21 I'm going to explain to Your Honor why we  
22 think it is more appropriate for these cases to go  
23 to the Southern District of New York; although, if  
24 you aren't going to send them there, we agree that  
25 the Northern District of Illinois is an appropriate

1 alternative forum.

2 This Court has recognized on many occasions  
3 the case should be transferred to the district that  
4 has the most significant nexus to the dispute and  
5 it has also recognized that a significant nexus  
6 usually exists where the defendants are located and  
7 where they are corporations where the corporations  
8 have their principal place of business.

9 This Court's also recognized that where  
10 many relevant documents and witnesses are  
11 located --

12 JUDGE MOTZ: I don't want to get in the  
13 merits. Are you planning to have a lot of  
14 discovery in this case on the front end trying to  
15 resolve the claims? I mean, is the location of  
16 documents and witnesses in this case going to be,  
17 from your point of view, necessarily relevant?

18 MR. BLOCKER: It will be, Your Honor, if  
19 we get beyond the motion to dismiss, it will be  
20 very relevant because the book --

21 JUDGE MOTZ: If you get beyond it. I  
22 assume you intend to file a motion.

23 MR. BLOCKER: Absolutely.

24 JUDGE KEENAN: Have you moved yet to have  
25 either Judge --

1 MR. BLOCKER: No, we have not, Your Honor.

2 Judge Keenan, we have asked for stays in all the  
3 jurisdictions where we had cases pending, so that  
4 none of the cases got out in front of the other, we  
5 could create an MDL before we had separately  
6 litigated each of the cases. But --

7 JUDGE KEENAN: You didn't answer either.

8 MR. BLOCKER: We have not answered either.  
9 We moved for stays and got stays by agreement  
10 everywhere except one case in which we moved for  
11 stay and was successful.

12 But here the answer to Your Honor's  
13 question, Judge Motz, discovery will be important  
14 if we get beyond the discovery phase or if we get  
15 beyond the motion to dismiss phase because the book  
16 has a number of people in it that are characters.  
17 And presumably the plaintiffs will want to take  
18 discovery to determine if the plaintiffs -- if the  
19 characters in the book represent real, live  
20 individuals which is the basis for their claim.

21 With respect to --

22 JUDGE MOTZ: Is there going to be  
23 discovery about damages? And that wouldn't be  
24 very --

25 MR. BLOCKER: Well, there may be discovery

1                   about damages; although, the records as to damages,  
2                   Your Honor, will all be at Random House  
3                   headquarters in New York to the extent they exist.

4                   Random House is located in New York, and  
5                   Doubleday is located in New York, and the author  
6                   James Frey, they're all located in New York. So if  
7                   there's a prototypical case that has a substantial  
8                   nexus, it seems to be, Your Honor, the Southern  
9                   District of New York.

10                  I see that I'm out of time, so thank you,  
11                  Your Honors.

12                  JUDGE HODGES: Thank you, Mr. Blocker.

13                  Next to be heard is Mr. Smith representing  
14                  the plaintiff in the New York action.

15                  MR. SMITH: Good morning, Your Honors.  
16                  Evan Smith on behalf of the plaintiff, Michele  
17                  Snow, first filed action in the Southern District  
18                  of New York.

19                  JUDGE HODGES: What relief do you request  
20                  in your Complaint, Mr. Smith? My curiosity  
21                  overwhelms me.

22                  MR. SMITH: Well, Your Honor, in our  
23                  particular Complaint, as opposed to some other  
24                  Complaints, our particular Complaint alleges  
25                  reimbursement of the costs of the book. And on

1                   behalf of all plaintiffs in the state of  
2                   New Jersey, specifically our plaintiff.

3                   JUDGE KEENAN: This is a diversity case,  
4                   right?

5                   MR. SMITH: It is, Your Honor.

6                   JUDGE KEENAN: Again, not to get into the  
7                   merits, but are there damages of over \$75,000 here?

8                   MR. SMITH: On behalf of the classes,  
9                   there are.

10                  Well, with respect to the transfer to an  
11                  appropriate jurisdiction, while I often don't  
12                  agree, generally speaking, with defense counsel on  
13                  anything except settlement, I do agree with  
14                  Mr. Blocker in the defendants' motion to transfer  
15                  to the Southern District of New York.

16                  In particular, I just note that the  
17                  Illinois people seek to have a transfer to Judge  
18                  Grady who already has three MDLs pending. And  
19                  Judge Holwel in Southern District of New York does  
20                  not have any.

21                  Also defendants -- the plaintiffs say that  
22                  the counsel wish for -- I'm sorry, the Illinois  
23                  groups says in their papers that the defendants'  
24                  counsel are in Illinois, but that is totally taken  
25                  out of context because defense counsel seek for it

1 to be in Southern District of New York.

2 And, finally, the punitive class where most  
3 defendants are target defendants are in New York.  
4 The fact that some plaintiffs may have to travel  
5 from Washington or California or Ohio to Illinois  
6 or New York shouldn't really matter.

7 JUDGE MOTZ: The damages -- your theory is  
8 you just want reimbursement. Wouldn't that depend  
9 upon the law of various states? Wouldn't it depend  
10 upon depositions of each individual plaintiff as to  
11 whether or not, you know, they really -- although  
12 they thought they were buying the work of  
13 nonfiction, as a work of fiction, and they still  
14 have some value for it?

15 I mean, I'm not sure how this is -- does  
16 not become a very individualized determination in  
17 determining based upon the law of damages of a  
18 particular state.

19 MR. SMITH: Well, Your Honor, there's  
20 various issues that will be addressed in the motion  
21 to dismiss which will be fully briefed at that  
22 point. I mean --

23 JUDGE MOTZ: Wouldn't it make sense,  
24 perhaps, to have -- you know, just to have the case  
25 mature a little bit by having some rulings on

1 motions to dismiss before deciding whether there  
2 should be centralization?

3 MR. SMITH: We didn't file the motion.

4 The defendants did. We were in the Southern  
5 District of New York. And we really --

6 JUDGE MOTZ: So you'd just assume not have  
7 centralization.

8 MR. SMITH: No. I submitted papers. We  
9 agree that there should be centralization.

10 Thank you.

11 JUDGE HODGES: All right. Thank you.

12 Next to be heard is Mr. Alexander  
13 representing plaintiff in Illinois seeking transfer  
14 there.

15 MR. ALEXANDER: Good morning, Your Honors.

16 I just want to add something. We were  
17 removed to Federal District Court, so we were  
18 seeking our class action in the state of Illinois.  
19 So we're not the ones who brought this case before  
20 the Federal Court.

21 I am here on behalf --

22 JUDGE MOTZ: But you did move it --

23 MR. ALEXANDER: Well, we're here now.  
24 Somebody brought us.

25 I'm here on behalf of the plaintiffs in the

1 Northern District of Illinois and also the Southern  
2 District of Ohio. I represent the plaintiff  
3 Vedral.

4                    Basically, we believe that the Northern  
5                    District of Illinois is the most appropriate  
6                    forum --

7                           JUDGE KEENAN: What about the fact, as has  
8                           been pointed out, Judge Grady already has three  
9                           MDLs?

10 MR. ALEXANDER: Well, my answer to that is  
11 that New York has 37 MDLs and Illinois has a total  
12 of 12 MDLs.

16 MR. ALEXANDER: I believe Judge Grady  
17 could handle it. Also another judge in Illinois in  
18 the Northern District could handle it. Basically,  
19 as counsel said earlier in another case here,  
20 Illinois -- the Northern District of Illinois has  
21 the lowest per case load per judge. So I believe  
22 that Illinois is, relatively and comparatively to  
23 New York, under worked as far as MDL cases.

24 I do believe Judge Grady is fully competent  
25 and capable and I don't think he's overwhelmed, but

1 I do believe that another judge also in the  
2 Northern District of Illinois could handle this.  
3 New York has three times -- more than three times  
4 what the Northern District of Illinois has.

5 And Your Honors, basically, of the 13 cases  
6 filed, nine of them are Midwest and West Coast  
7 cases. Four of them in Illinois, one in Ohio, one  
8 in Michigan, two in California, one in Seattle.  
9 The rest -- four of them are in New York.

10 Chicago is, as we all know, very centrally  
11 located. The West Coast counsel would need about  
12 five hours to get to New York on every matter that  
13 was required. New York counsel would need about  
14 two hours to get to Chicago.

15 As earlier pointed out, defendants' main  
16 counsel, Mr. Blocker, even though he wants to be in  
17 New York, his offices are in Chicago. Many of the  
18 fact witnesses are largely distributed in the  
19 Midwest. Minnesota, for example, is where the  
20 Hazelton drug rehab clinic was. Many members of  
21 various book clubs. Basically Frey is from Ohio.

22 So the point is that we believe that  
23 Chicago is the most appropriate forum for this  
24 matter. Thank you.

25 JUDGE HODGES: All right. Thank you all.

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1 We'll take the matter up under submission.  
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7 I, Theresa E. Hallberg, Certified  
8 Shorthand Reporter, do hereby certify that the  
9 foregoing transcript is a true and correct  
10 transcript of my notes in said case to the best of  
11 my knowledge and ability.

12 SIGNED, OFFICIALLY SEALED, AND FILED WITH  
13 THE CLERK OF THE UNITED STATES DISTRICT COURT this  
14 day of \_\_\_\_\_, 2006.

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18 S/ Theresa E. Hallberg  
Theresa E. Hallberg, RMR, CRR  
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